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บริษัท สหวิริยาสตีลอินดัสตรี จำกัด (มหาชน)
SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

บริษัทหลักชั้นนำด้านนวัตกรรมและความเชื่อมั่น
Leading Innovative and Reliable Steel Company

-Translation-

No. S.E.C. 068/2018

14 August 2018

Re: Management Discussion and Analysis for 6M/2018

Attn: President
The Stock Exchange of Thailand

CC: Secretary-General
The Securities and Exchange Commission, Thailand

Sahaviriya Steel Industries Public Company Limited (the “**Company**”) would like to clarify operating results and financial status of the Company and its subsidiaries for 6M/2018 period ended 30 June 2018 as well as reporting the progress of the rehabilitation as follows:

Unit: million Baht	1H/2018	1H/2017	Δ YoY
Sales and service revenues	16,267	11,442	+42%
Cost of sales and service	14,334	9,839	+46%
Gross profit (loss)	1,933	1,603	+21%
SG&A	592	515	+15%
EBITDA ¹⁾	992	2,996	-67%
Interest expense	461	525	-12%
Net profit (loss)	309	2,195	-86%

¹⁾ EBITDA Including the provision (or reversal) for loss on decline in value of inventories and provision (or reversal) for loss under onerous contracts = Net Profit + Interest + Tax + Depreciation and Amortisation

Operating Performance

1. Revenues

The Company and its subsidiaries recorded sales and service revenues Baht 16,267 million, increased by 42% YoY. HRC Sales Volume was 747k tons, improved 27% YoY. HRC Average Selling Price was Baht 21,056/ton or approx. USD 662/ton, up 21% YoY following steel prices in the world market. Premium Value Products (PVPs) contributed to 44% of total HRC Sales Volume.

2. Cost of Sales and Services

The Company and its subsidiaries recorded total cost of sales and services Baht 14,334 million, including the provision for loss on decline in value of inventories Baht 101 million. Cost of sales and services increased by 46% YoY due to continuously increase in raw material costs following the world market price.

3. SG&A

The Company and its subsidiaries recorded SG&A Baht 592 million, up 15% YoY from Baht 515 million, due to the increase in sales and services.

4. Interest Expense

The Company and its subsidiaries recorded interest expense Baht 461 million, a decrease of 12% YoY from Baht 525 million in the same period in 2017 resulted from the Company's debt repayment, early debt repayment from excess cash and the 1st Debt to Equity Conversion according to the Plan.

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5. Profit

The Company and its subsidiaries recorded gross profit Baht 1,933 million, EBITDA Baht 992 million (excluding the provision for loss on decline in value of inventories Baht 101 million, the provision for loss under onerous contracts Baht 116 million, and loss from foreign exchange Baht 432 million, Core EBITDA would be Baht 1,641 million), and net profit Baht 309 million. The gross profit improved from Baht 1,603 million in the period in year 2017 but EBITDA and net profit down from Baht 2,996 and Baht 2,195 million respectively, due to the provision for loss on decline in value of inventories, provision for loss under onerous contracts and loss from foreign exchange.

Financial Position

1. Assets

As at 30 June 2018, the Company and its subsidiaries had total assets Baht 25,498 million, slightly down from Baht 25,538 million as at 31 December 2017.

2. Liabilities

As at 30 June 2018, the Company and its subsidiaries had total liabilities Baht 63,638 million, down approximately 1.30% from Baht 64,474 million as at 31 December 2017. The Company and its subsidiaries had total interest-bearing debts Baht 59,154 million, whilst net debt was Baht 58,263 million. These debts consisted of short-term borrowings and current portion of long-term interest-bearing debts Baht 1,608 million and long-term interest-bearing debts Baht 57,546 million.

3. Equity

As at 30 June 2018, equity attributable to owners of the Company was negative Baht 38,745 million, a decrease from Baht 39,554 million as at 31 December 2017, as a result of the operating profit of the Group.

Rehabilitation Progress

The implementation of the Rehabilitation Plan ("the Plan") in 1H/2018 are summarised as follows:

The Company had made debt repayments in accordance with the Plan to creditors from January to June 2018 with total amount of Baht 840,329,639.54, comprising of principal amount Baht 798,836,618.22 and interest amount Baht 41,493,021.32. This implementation was achieved on plan.

Since the beginning of the Plan, the Company has made principal and interest repayments to the creditors in accordance with the Plan with total amount of Baht 2,474,442,016.44 (principal Baht 2,337,718,990.40 and interest Baht 136,723,026.04) and principal repayments from excess cash amount Baht 1,144,405,000.00. Therefore, total debt repayment till the date of this report is Baht 3,618,847,016.44. In addition, as a result of the Capital Increase for the 1st Debt to Equity Conversion as specified in the Plan, the Company's outstanding debt according to the Plan was decreased in the amount of Baht 500,000,000.00. The total outstanding debt was, consequently, decreased by Baht 3,982,123,990.40.

Please be informed accordingly.

Sincerely yours,
-Signature-

Mr. Win Viriyaprapaikit
President